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TOWN OF CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-29-05

The Honorable Donald Jefferson, Mayor

Board of Alderpersons

Johnny Beauchamp
Catherine Landry
George Kilbourne
Bill Ford
James Owens

BASIC FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2004
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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INDEPENDENT AUDITORS' REPORT

April 18, 2005

The Honorable Donald Jefferson, Mayor
and Members of the Board of Alderpersons
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

We have audited the accompanying basic financial statements of the Town of Clinton, Louisiana as of December 31, 2004, and for the two years then ended. These basic financial statements are the responsibility of the Town of Clinton, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town of Clinton, Louisiana as of December 31, 2004, and the results of its operations for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

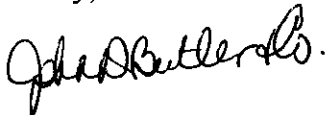
The Honorable Donald Jefferson, Mayor
and Members of the Board of Alderpersons
April 18, 2005
Page Two

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Town of Clinton, Louisiana's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2005, on our consideration of the Town of Clinton, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Butler". The signature is fluid and cursive, with a large initial "J" and "B".

John D. Butler & Company
A Professional Accounting Corporation

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)**

**TOWN OF CLINTON
MANAGEMENTS' DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

As management of the Town of Clinton, Louisiana (here after referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2004. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

PAST ACCOMPLISHMENTS

There have been several big accomplishments in the Town of Clinton in the past few years. A block grant for a new water well was awarded that included 100% funding. This will improve the quality of the drinking water and improve fire protection for the Town's residents.

A Historic District Commission was established. Since its inception, there have been fifteen structures placed in the historic district aside from the original historic district at the request of property owners. Because of the Historic District Commission, the Clinton Main Street Program was begun, allowing the Town to be eligible for grants. To date, five façade grants have been awarded along with the rehabilitations, private reinvestments, property transfers and public improvements that resulted in over \$2,000,000. As a result of the Main Street Program, thirteen jobs (some part-time) have been created in the community.

The monthly Community Market is in its eighth year. According to state officials, our market is one of the most successful rural markets in the state with a recent average of eighty vendors each month.

The Town will be hosting its second annual Blueberry Festival in July. Last year, it was a tremendous success benefiting the local economy and promoting the many attractions our community has to offer. The annual Christmas Celebration has helped to promote our Town with local businesses supporting the efforts.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. They are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street and sidewalks fund, both of which are considered to be major funds. While not required, court fees received for use by the police department and expenditures from these fees are included separately under special court costs. Separate reporting provides the Town with more efficient management over this revenue source.

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004

The Town adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its utilities (water, gas and sewer). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. An index to the notes to the financial statements can be found on page 29 with actual notes immediately following.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 46-49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$2,810,052 at the close of 2004, \$1,004,861 from business-type activities and \$1,805,191 from governmental activities.

The following is a summary of the Town's net assets:

Summary of Net Assets - Governmental Activities

	<u>2004</u>	<u>2003</u>	<u>2002</u>
ASSETS			
Current and other assets	\$ 491,691.60	\$ 575,892.31	\$ 725,490.79
Restricted assets	425,081.47	354,918.28	364,276.84
Capital assets, net	<u>1,269,366.54</u>	<u>868,241.17</u>	<u>502,875.85</u>
Total Assets	2,186,139.61	1,799,051.76	1,592,643.48

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>	<u>2002</u>
LIABILITIES			
Current liabilities	\$ 146,114.11	\$ 144,286.51	\$ 192,562.31
Long-term liabilities	<u>44,360.02</u>	<u>60,601.06</u>	<u>75,143.36</u>
Total Liabilities	<u>190,474.13</u>	<u>204,887.57</u>	<u>267,705.67</u>
NET ASSETS			
Investment in capital assets, net of related debt	1,208,765.48	792,083.69	412,176.92
Restricted	740,497.79	814,614.29	722,688.25
Unrestricted	<u>46,402.21</u>	<u>(12,533.79)</u>	<u>190,072.64</u>
Total Net Assets	<u>1,995,665.48</u>	<u>1,594,164.194</u>	<u>1,324,937.81</u>

Summary of Net Assets – Business-type Activities

	<u>2004</u>	<u>2003</u>	<u>2002</u>
ASSETS			
Current and other assets	\$ 129,482.42	\$ 158,387.51	\$ 247,253.27
Restricted assets	45,892.41	46,497.88	47,110.34
Capital assets, net	<u>1,902,361.05</u>	<u>2,023,593.15</u>	<u>2,101,296.97</u>
Total Assets	2,077,735.88	2,228,478.54	2,395,660.58
LIABILITIES			
Current liabilities	429,936.19	471,363.89	595,756.25
Long-term liabilities	<u>106,501.23</u>	<u>154,172.26</u>	<u>199,160.09</u>
Total Liabilities	<u>536,437.42</u>	<u>625,536.15</u>	<u>794,916.34</u>
NET ASSETS			
Investment in capital assets, net of related debt	1,748,188.79	1,824,433.06	1,790,976.48
Restricted	45,892.41	46,497.88	47,110.34
Unrestricted	<u>(252,782.74)</u>	<u>(267,988.55)</u>	<u>(237,342.58)</u>
Total Net Assets	<u>1,541,298.46</u>	<u>1,602,942.39</u>	<u>1,600,744.24</u>

By far the largest portion of the Town's net assets reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004

future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets represents resources that are subject to external restrictions on how they may be used. It is the remaining balance of net assets, considered unrestricted, that may be used to meet the government's on-going obligations to citizens and creditors. At December 31, 2004, the Town had a deficit, unrestricted balance of \$252,783. The Finance Committee is working closely with the Town's accountants to monitor its cash flows and to work within a budget that will produce positive net assets in the future.

In the past three years, the Town has increased net assets in its governmental activities. There was a decrease of \$61,644 in 2004, for business-type activities. The following is a summary of the Town's changes in net assets:

Summary of Changes in Net Assets – Governmental Activities

	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES			
Charges for services	\$ 138,791.23	\$ 171,443.37	\$ 139,856.90
Grants and Contributions:			
Operating	45,716.91	13,532.12	.00
Capital	478,236.75	425,498.34	107,956.50
General Revenues:			
Licenses and permits	124,463.14	94,982.12	93,312.92
Franchise fees	103,377.48	99,137.00	92,783.48
Taxes	230,925.16	216,942.81	210,523.44
Interest earned	7,283.80	4,503.82	9,382.04
Other revenues	9,531.00	7,314.75	8,495.84
Total Revenues	1,138,325.47	1,033,354.33	662,311.12
EXPENSES			
General government	166,013.89	162,796.86	124,628.98
Public safety	450,412.14	448,279.65	348,579.36
Public works	117,052.88	162,960.36	147,766.06
Interest on long-term debt	3,345.27	4,359.39	4,853.10
Total Expenses	736,824.18	778,396.26	625,827.50
Increase in Net Assets	401,501.29	254,958.07	36,483.62
Net Assets, beginning of year	1,594,164.19	1,324,937.81	1,290,125.42
Prior period adjustments	.00	14,268.31	(1,671.23)
Net Assets, end of year	1,995,665.48	1,594,164.19	1,324,937.81

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004**

Summary of Changes in Net Assets – Business-type Activities

	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES			
Charges for services	\$ 694,992.89	\$ 736,583.04	\$ 732,840.28
Interest earned	.00	7,701.21	1,077.00
Other revenues	99.49	300.00	194.00
Total Revenues	<u>695,092.38</u>	<u>744,584.25</u>	<u>734,111.28</u>
EXPENSES			
Gas services	505,525.14	489,582.26	438,155.65
Water services	82,072.48	83,786.69	136,282.27
Sewer services	169,138.69	169,017.15	151,581.34
Total Expenses	<u>756,736.31</u>	<u>742,386.10</u>	<u>726,019.26</u>
Increase (Decrease) in Net Assets	(61,643.93)	2,198.15	8,092.02
Net Assets, beginning of year	<u>1,602,942.39</u>	<u>1,600,744.24</u>	<u>1,592,652.22</u>
Net Assets, end of year	<u>1,541,298.46</u>	<u>1,602,942.39</u>	<u>1,600,744.24</u>

BUDGETARY HIGHLIGHTS

There were changes made to the original budget as needs arose that were not anticipated at the time that the original budget was prepared and adopted.

Revenues of governmental funds were greater than anticipated in both 2004 and 2003. The most significant factor being grants that were awarded for which the Town had not budgeted. It is not the usual practice of the Town to budget such revenue sources as the application does not guarantee the award.

General government expenditures were \$592,753 greater than budgeted after all revisions were made to the budget in 2004. The most significant unfavorable variance was capital outlay. Grant funds paid for the majority of these expenditures. As it is the usual practice not to budget grant proceeds, the Town also has not budgeted expenditures to be paid with grant funds.

Budget comparison schedules are provided in this report on pages 46-49.

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$3,171,728 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures. A balance of \$214,773 is due on notes associated with the purchase of these assets.

Capital assets are detailed in the following table.

Summary of Capital Assets
(net of depreciation)

	Governmental Activities		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Land	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Buildings	171,427.51	176,460.51	181,493.51
Sidewalks/drainage	1,022,768.26	592,956.53	211,727.30
Equipment	53,814.94	62,216.55	58,375.83
Vehicles	19,446.55	34,519.74	49,012.83
Furniture and fixtures	909.28	1,087.84	1,266.38
Net Capital Assets	<u>1,269,366.54</u>	<u>868,241.17</u>	<u>502,875.85</u>

	Business-Type Activities		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Land	\$ 11,970.00	\$ 11,970.00	\$ 11,970.00
Buildings	124,948.50	128,698.35	123,181.24
Equipment	21,724.35	25,794.97	11,249.97
Vehicles	15,470.60	18,292.91	5,469.39
Utilities	1,728,247.60	1,838,836.92	1,949,426.37
Net Capital Assets	<u>1,902,361.05</u>	<u>2,023,593.15</u>	<u>2,101,296.97</u>

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004**

Capital asset events during the past two years included the following:

- Pay off of architect fees for the renovations to Town Hall of \$10,000
- Replacement of four utility vehicles for \$14,500
- Purchase of a utility trailer to be used on jobsites at a cost of 1,100
- Purchase of an ice maker for Public Works for 1,970
- Utility relocations to enhance road construction in the amount of \$867,590 funded primarily through reimbursement programs
- Enhancement of public safety with mobile data units, remote incident reporting and other equipment upgrades purchased largely with use of grant funding in the amount of \$42,908
- Replacement of public works vehicle for \$500
- Purchase of a dump truck for 1,880

Additional information on the Town's capital assets can be found on pages 38-39 of this report.

Debt Administration. At the end of the current year, the Town had total debt outstanding of \$214,773, all of which is backed by the full faith and credit of the Town.

There remains a balance of \$60,601 due to Clinton Bank & Trust Co. for the purchase of Town Hall. This loan, reported under governmental activities, will be paid off in the early part of 2008.

The Town's business-type activities have debt of \$154,172 payable also to Clinton Bank & Trust Co. for which payments of \$4,523 are being made monthly. This note will be paid off in January of 2008. One note to Clinton Bank was paid off during 2003. The Town also paid off its bonds during the same year leaving only one note remaining in its enterprise funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the future, the Town would like to continue the many good works that are already in place. There are a variety of events in conjunction with the monthly market to insure the continued success of the market. The Main Street Association has an aggressive agenda for promoting Clinton, including T.V. commercials, mailers, flyers, a website and much more.

The purpose for continuing the many activities is not only to promote the Town but also to insure a continued organization of volunteers (currently over 150). These activities contribute to economic development that is crucial to boost the income of the Town.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
DECEMBER 31, 2004**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Sharon Lewis at Town Hall, 11209 Bank Street, Clinton, La. 70722, (225) 683-5531.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 13,029.91	\$ 1,916.46	\$ 14,946.37
Prepaid expenses	3,680.27	787.78	4,468.05
Receivables, net	80,702.38	126,778.18	207,480.56
Due from other gov't. agencies	2,760.08	-	2,760.08
Due from other funds	391,518.96	-	391,518.96
Restricted assets:			-
Cash and cash equivalents	272,982.54	45,892.41	318,874.95
Investments	152,098.93	-	152,098.93
Capital assets, net	1,269,366.54	1,902,361.05	3,171,727.59
Total Assets	2,186,139.61	2,077,735.88	4,263,875.49
<u>LIABILITIES</u>			
Accounts payable	7,299.07	67,244.77	74,543.84
Due to other funds	122,390.98	269,127.98	391,518.96
Notes payable	60,601.06	154,172.26	214,773.32
Payables from restricted assets:			
Accounts payable	183.02	-	183.02
Customer deposits	-	45,892.41	45,892.41
Total Liabilities	190,474.13	536,437.42	726,911.55
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,208,765.48	1,748,188.79	2,956,954.27
Restricted for:			
Customer deposits	-	45,892.41	45,892.41
Streets and sidewalks	731,455.11	-	731,455.11
Public safety	9,042.68	-	9,042.68
Unrestricted	46,402.21	(252,782.74)	(206,380.53)
Total Net Assets	1,995,665.48	1,541,298.46	3,536,963.94

The accompanying notes are an integral part of this statement

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Program Revenues			Net Revenues (Expenses)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
General government	\$ 166,013.89	\$ 16,924.00	\$ 32,996.16	\$ -	\$ (116,093.73)	\$ -
Public safety	450,412.14	119,841.03	12,720.75	-	(317,850.36)	-
Public works	117,052.88	2,026.20	-	478,236.75	363,210.07	-
Interest on long-term debt	3,345.27	-	-	-	(3,345.27)	-
Total Governmental Activities	736,824.18	138,791.23	45,716.91	478,236.75	(74,079.29)	-
Business-type Activities						
Gas services	505,525.14	374,528.08	-	-	-	(130,997.06)
Water services	82,072.48	156,003.40	-	-	-	73,930.92
Sewer services	169,138.69	164,461.41	-	-	-	(4,677.28)
Total Business-type Activities	756,736.31	694,992.89	-	-	(61,743.42)	(61,743.42)
Total Primary Government	1,493,560.49	833,784.12	45,716.91	478,236.75	(74,079.29)	(135,822.71)
General Revenues						
Licenses and permits					124,463.14	-
Franchise fees					103,377.48	-
Taxes					230,925.16	-
Interest earned					7,283.80	-
Other revenues					9,531.00	99.49
Total General Revenues					475,580.58	99.49
Change in Net Assets					401,501.29	(61,643.93)
Net Assets, beginning					1,594,164.19	1,602,942.39
Net Assets, ending					1,995,665.48	1,541,298.46

The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Program Revenues			Net Revenues (Expenses)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
General government	\$ 162,796.86	\$ 18,708.00	\$ 12,488.12	\$ -	\$ (131,600.74)	\$ -
Public safety	448,279.65	150,709.17	1,044.00	27,740.25	(268,786.23)	-
Public works	162,960.36	2,026.20	-	397,758.09	236,823.93	-
Interest on long-term debt	4,359.39	-	-	-	(4,359.39)	-
Total Governmental Activities	778,396.26	171,443.37	13,532.12	425,498.34	(167,922.43)	-
Business-type Activities						
Gas services	489,582.26	403,160.65	-	-	(86,421.61)	(86,421.61)
Water services	83,786.69	161,873.34	-	-	-	78,086.65
Sewer services	169,017.15	171,549.05	-	-	-	2,531.90
Total Business-type Activities	742,386.10	736,583.04	-	-	(5,803.06)	(5,803.06)
Total Primary Government	1,520,782.36	908,026.41	13,532.12	425,498.34	(167,922.43)	(173,725.49)
General Revenues						
Licenses and permits					94,982.12	-
Franchise fees					99,137.00	-
Taxes					216,942.81	-
Interest earned					4,503.82	7,701.21
Other revenues					7,314.75	300.00
Total General Revenues					422,880.50	8,001.21
Change in Net Assets					254,958.07	2,198.15
Net Assets, beginning					1,324,937.81	1,600,744.24
Prior period adjustments					14,268.31	-
Net Assets, ending					1,594,164.19	1,602,942.39

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Special Court Costs</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,029.91	\$ -	\$ -	\$ 13,029.91
Prepaid expenses	3,309.55	370.72	-	3,680.27
Receivables, net:				
Franchise fees	26,382.78	-	-	26,382.78
Property taxes	32,561.66	-	-	32,561.66
Sales taxes	-	21,599.59	-	21,599.59
Accrued interest	-	158.35	-	158.35
Due from other gov't. agencies	2,760.08	-	-	2,760.08
Due from other funds	241,117.26	150,401.70	-	391,518.96
Restricted assets:				
Cash and cash equivalents	-	271,711.43	1,271.11	272,982.54
Investments	-	152,098.93	-	152,098.93
TOTAL ASSETS	319,161.24	596,340.72	1,271.11	916,773.07
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts payable	7,299.07	183.02	-	7,482.09
Due to other funds	122,390.98	-	-	122,390.98
Total Liabilities	129,690.05	183.02	-	129,873.07
Fund Balances				
Reserved for:				
Streets and sidewalks	-	596,157.70	-	596,157.70
Public safety	-	-	1,271.11	1,271.11
Unreserved	189,471.19	-	-	189,471.19
Total Fund Balances	189,471.19	596,157.70	1,271.11	786,900.00
TOTAL LIABILITIES AND FUND BALANCES	319,161.24	596,340.72	1,271.11	916,773.07

The accompanying notes are an integral part of this statement

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

Total Fund Balances - Total Governmental Funds	\$ 786,900.00
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet.	1,269,366.54
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	<u>(60,601.06)</u>
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Total Net Assets of Governmental Activities	<u><u>1,995,665.48</u></u>
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The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Special Court Costs</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Fines and other court costs	\$ 88,184.94	\$ -	\$ 13,245.00	\$ 101,429.94
Franchise fees	103,377.48	-	-	103,377.48
Grants and donations	523,953.66	-	-	523,953.66
Interest	1,392.51	5,891.29	-	7,283.80
Intergovernmental revenues	19,066.83	2,026.20	-	21,093.03
Licenses and permits	124,463.14	-	-	124,463.14
Motor vehicle fees	16,924.00	-	-	16,924.00
Other revenues	11,124.43	-	-	11,124.43
Taxes - beer	6,224.31	-	-	6,224.31
Taxes - property	77,208.85	-	-	77,208.85
Taxes - sales	-	147,492.00	-	147,492.00
Total Revenues	971,920.15	155,409.49	13,245.00	1,140,574.64
<u>EXPENDITURES</u>				
General government	129,419.80	-	-	129,419.80
Public safety:				
Police	398,996.26	-	17,542.40	416,538.66
Fire	2,036.00	-	-	2,036.00
Public works	3,736.81	102,070.98	-	105,807.79
Capital outlay	482,502.20	-	549.00	483,051.20
Debt service:				
Principal	15,556.42	-	-	15,556.42
Interest	3,345.27	-	-	3,345.27
Total Expenditures	1,035,592.76	102,070.98	18,091.40	1,155,755.14
Net Change in Fund Balances	(63,672.61)	53,338.51	(4,846.40)	(15,180.50)
Fund Balances, beginning	253,143.80	542,819.19	6,117.51	802,080.50
Fund Balances, ending	189,471.19	596,157.70	1,271.11	786,900.00

The accompanying notes are an integral part of this statement

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

Net Change in Fund Balances - Total Governmental Funds	\$ (15,180.50)
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation charged in the current period.	403,374.54
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Governmental funds report principal paid on long-term obligations as expenditures. However, in the Statement of Activities, this amount reduces the liability. This is the amount of principal paid in the current period.	15,556.42
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Proceeds from the sale of capital assets increase financial resources in governmental funds where only the gain on the sale is reported in the Statement of Activities. This is the net difference between the proceeds and the gain realized.	<u>(2,249.17)</u>
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Change in Net Assets of Governmental Activities	<u><u>401,501.29</u></u>
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The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2003

	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Special Court Costs</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Fines and other court costs	\$ 107,546.50	\$ -	\$ 21,765.00	\$ 129,311.50
Franchise fees	99,137.00	-	-	99,137.00
Grants and donations	439,030.46	-	-	439,030.46
Interest	1,041.67	3,462.15	-	4,503.82
Intergovernmental revenues	23,114.83	2,026.20	-	25,141.03
Licenses and permits	94,982.12	-	-	94,982.12
Motor vehicle fees	18,708.00	-	-	18,708.00
Other revenues	2,045.59	3,552.00	-	5,597.59
Taxes - beer	7,081.09	-	-	7,081.09
Taxes - property	73,660.44	-	-	73,660.44
Taxes - sales	-	136,201.28	-	136,201.28
Total Revenues	866,347.70	145,241.63	21,765.00	1,033,354.33
<u>EXPENDITURES</u>				
General government	149,694.38	-	-	149,694.38
Public safety:				
Police	387,684.88	-	23,557.56	411,242.44
Fire	2,139.00	-	-	2,139.00
Public works	9,092.70	138,165.88	-	147,258.58
Capital outlay	425,198.62	1,880.00	3,659.55	430,738.17
Debt service:				
Principal	14,542.30	-	-	14,542.30
Interest	4,359.39	-	-	4,359.39
Total Expenditures	992,711.27	140,045.88	27,217.11	1,159,974.26
Net Change in Fund Balances	(126,363.57)	5,195.75	(5,452.11)	(126,619.93)
Fund Balances, beginning	353,778.52	549,083.98	11,569.62	914,432.12
Prior period adjustments	25,728.85	(11,460.54)	-	14,268.31
Fund Balances, ending	253,143.80	542,819.19	6,117.51	802,080.50

The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	<u>Enterprise Funds</u> <u>Utility</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ 1,916.46
Prepaid expenses	787.78
Receivables, net	92,105.15
Unbilled receivables	<u>34,673.03</u>
Total Current Assets	129,482.42
Restricted Assets	
Cash and cash equivalents	<u>45,892.41</u>
Total Restricted Assets	45,892.41
Capital Assets	
Land	11,970.00
Buildings	150,545.70
Equipment	56,722.82
Vehicles	23,808.50
Gas system	1,629,985.52
Water system	235,741.06
Sewer system	2,123,550.20
Less: Accumulated depreciation	<u>2,329,962.75</u>
Net Capital Assets	<u>1,902,361.05</u>
TOTAL ASSETS	<u><u>2,077,735.88</u></u>

Continued

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2004

	<u>Enterprise Funds</u> <u>Utility</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities	
Payable from current assets:	
Accounts payable	\$ 67,244.77
Due to other funds	269,127.98
Notes payable - current portion	<u>47,671.03</u>
Total Current Liabilities, Payable from Current Assets	384,043.78
Payable from restricted assets:	
Customer deposits	<u>45,892.41</u>
Total Current Liabilities, Payable from Restricted Assets	<u>45,892.41</u>
Total Current Liabilities	429,936.19
Long-Term Liabilities	
Notes payable - long-term portion	<u>106,501.23</u>
Total Liabilities	<u>536,437.42</u>
Net Assets	
Invested in capital assets, net of related debt	1,748,188.79
Restricted for customer deposits	45,892.41
Unrestricted	<u>(252,782.74)</u>
Total Net Assets	<u>1,541,298.46</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,077,735.88</u></u>

The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	Enterprise Funds	
	Utility	
	2004	2003
<u>OPERATING REVENUES</u>		
Gas sales and service	\$ 371,421.61	\$ 400,276.08
Water sales and service	154,737.80	160,719.51
Sewer sales and service	163,080.75	170,342.78
Late fees	5,752.73	5,244.67
Total Operating Revenues	694,992.89	736,583.04
<u>OPERATING EXPENSES</u>		
Personal services	377,219.75	378,002.64
Employee and related expenses	218,961.50	189,224.15
Occupancy	18,517.66	21,109.93
Administrative	8,444.67	18,505.53
Depreciation	124,301.68	122,211.67
Total Operating Expenses	747,445.26	729,053.92
Operating Income (Loss)	(52,452.37)	7,529.12
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Unclaimed bond interest	-	7,701.21
Other revenues	99.49	300.00
Interest paid	(9,291.05)	(13,332.18)
Total Non-Operating Revenues (Expenses)	(9,191.56)	(5,330.97)
Change in Net Assets	(61,643.93)	2,198.15
Total Net Assets, beginning	1,602,942.39	1,600,744.24
Total Net Assets, ending	1,541,298.46	1,602,942.39

The accompanying notes are an integral part of this statement

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	Enterprise Funds	
	<u>Utility</u>	
	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 710,010.35	\$ 730,092.84
Cash paid to employees for services	(217,484.42)	(188,640.29)
Cash paid to suppliers for goods and services	(388,182.80)	(405,277.25)
Net Cash Provided by Operating Activities	104,343.13	136,175.30
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loans made to other funds	(54,463.40)	(70,524.11)
Net Cash Used for Non-Capital Financing Activities	(54,463.40)	(70,524.11)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,069.58)	(45,292.95)
Proceeds from sale of assets	-	300.00
Principal payments on revenue bonds	-	(55,000.00)
Principal payments on loans	(44,987.83)	(56,160.40)
Interest paid on loans and bonds	(9,291.05)	(13,332.18)
Proceeds from non-operating sources	99.49	7,701.21
Net Cash Used for Capital and Related Financing Activities	(57,248.97)	(161,784.32)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Decrease in Cash and Cash Equivalents	(7,369.24)	(96,133.13)
Cash and Cash Equivalents, beginning	55,178.11	151,311.24
Cash and Cash Equivalents, ending	47,808.87	55,178.11

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>Enterprise Funds</u>	
	<u>Utility</u>	
	<u>2004</u>	<u>2003</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (52,452.37)	\$ 7,529.12
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	124,301.68	122,211.67
Loss on sale of capital assets	-	784.98
(Increase) decrease in assets:		
prepaid expenses	6,518.69	(777.17)
accounts receivable	15,622.93	(5,877.74)
Increase (decrease) in liabilities:		
accounts payable	10,957.67	12,916.90
customer deposits	(605.47)	(612.46)
Total Adjustments	<u>156,795.50</u>	<u>128,646.18</u>
Net Cash Provided by Operating Activities	<u>104,343.13</u>	<u>136,175.30</u>

The accompanying notes are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

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**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004**

INTRODUCTION

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Alderperson form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's court. It was also amended in 2003 to recognize duties and authority within the Police Department where the charter previously recognized a Town Marshal. This was done to be consistent with the creation of a Police Department in 1993.

The citizens of the Town elect the Mayor and five Alderpersons at large every four years. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 2,000 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing more than 800 customers through its utility department and employs 31 persons including reserve officers.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Government-Wide Accounting: In accordance with Statement No. 34 of the Government Accounting Standards Board, the Town has presented a Statement of Net Assets and Statement of Activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively back to 1982, during implementation of Statement No. 34. The Town opted not to retroactively report these types of capital assets.

Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water, gas and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General Fund – the general operating fund of the Town accounting for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds – account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

1. Enterprise Funds – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: Its type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Town adopts an annual budget for all of its funds prepared in accordance with the basis of accounting utilized by that fund. The Board of Alderpersons must approve any revisions that alter the total expenditures and are passed on an as-needed basis. A balanced budget is required.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Town had one certificate of deposit with a maturity extending beyond ninety days held in its Sales Tax Fund for which the cost and market value both amounted to \$152,098.93 at December 31, 2004.

Restricted Assets: Certain cash and investments are classified as restricted because law limits their use. Components of these at December 31, 2004, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Demand deposits		
Customer deposits	\$.00	\$ 45,892.41
Streets and sidewalks	122,629.92	.00
Public safety	1,271.11	.00
Interest-bearing demand deposits		
Streets and sidewalks	152,098.93	.00
Time deposits		
Streets and sidewalks	<u>149,081.51</u>	<u>.00</u>
Total	<u>425,081.47</u>	<u>45,892.41</u>

Prepaid Expenses: Insurance policies paid for future coverage are shown in the accompanying financial statements as prepaid expenses.

Capital Assets: The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	20-50 years
Office furniture	5-7 years		

The Town's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period and tracking is desired such as is the case with weapons or radio equipment.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 that requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

report its governmental infrastructure retroactively. From this point forward, the basic approach will be used to report governmental activities infrastructure.

Compensated Absences: The Town does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Net Assets/Fund Balances: In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Inter-fund Transactions: All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Sales Taxes: The East Feliciana Parish Police Jury levies a 4% sales tax. After deducting solid waste, school board and collection fees from the gross received, the Town receives 12.4021% of the balance. Sales taxes are dedicated for street maintenance and improvements.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Property Taxes: Ad valorem taxes authorized and levied for the years 2003 and 2004, were 6.66 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is \$8,387,730.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2004, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Petty cash	\$ 100.00	\$.00
Demand deposits	140,577.14	47,808.87
Interest-bearing demand deposits	<u>145,335.31</u>	<u>.00</u>
Total	<u>286,012.45</u>	<u>47,808.87</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the Town had \$380,641.17 in deposits. Deposits at Clinton Bank & Trust Co. are secured from risk by \$100,000 of federal deposit insurance and \$550,000 in pledged collateral. This accounts for \$175,241.65 in deposits. The remaining deposits of \$205,299.52 are held at Feliciana Bank & Trust Co. With only FDIC coverage, there is exposure for loss of \$5,299.52. Bank balances for all activities are as follows:

General Fund	\$ 24,185.64
Special Revenue Funds	278,213.07
Enterprise Fund	<u>78,242.46</u>
Total	<u>380,641.17</u>

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2004:

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$.00	\$.00	\$ 145,643.09	\$ 145,643.09
Taxes:				
Franchise	26,382.78	.00	.00	26,382.78
Property	34,766.73	.00	.00	34,766.73
Sales	.00	21,599.59	.00	21,599.59
Accrued interest	.00	158.35	.00	158.35
Sub-total	61,149.51	21,757.94	145,643.09	193,877.51
Less: Allowance for doubtful accounts	<u>2,205.07</u>	<u>.00</u>	<u>18,864.91</u>	<u>21,069.98</u>
Net	<u>58,944.44</u>	<u>21,757.94</u>	<u>126,778.18</u>	<u>207,480.56</u>

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2004 and 2003, respectively, unbilled receivables were \$34,673.03 and \$39,139.94.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2004 and 2003, the allowance was estimated to be \$18,864.91 and \$21,149.88, respectively, in the Enterprise Fund.

In the General Fund, an allowance was estimated at \$2,205.07 at December 31, 2004 and 2003, for ad valorem taxes that are considered to be uncollectible.

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 1,000.00	\$.00	\$.00	\$ 1,000.00
Capital Assets, being depreciated				
Buildings and improvements	236,283.71	.00	.00	236,283.71
Less: accumulated depreciation	59,823.20	5,033.00	.00	64,856.20
Net Building and improvements	176,460.51	(5,033.00)	.00	171,427.51
Sidewalks/drainage	628,895.61	469,832.20	.00	1,098,727.81
Less: accumulated depreciation	35,939.08	40,020.47	.00	75,959.55
Net Sidewalks/drainage	592,956.53	429,811.73	.00	1,022,768.26
Equipment	157,833.53	13,219.00	5,225.02	165,827.51
Less: accumulated depreciation	95,616.98	19,371.44	2,975.85	112,012.57
Net Equipment	62,216.55	(6,152.44)	2,249.17	53,814.94
Office furniture	2,009.25	.00	.00	2,009.25
Less: accumulated depreciation	921.42	178.55	.00	1,099.97
Net Office furniture	1,087.83	(178.55)	.00	909.28
Vehicles	182,331.45	.00	.00	182,331.45
Less: accumulated depreciation	147,811.71	15,073.20	.00	162,884.91
Net Vehicles	34,519.74	(15,073.20)	.00	19,446.55
Total Capital Assets, being depreciated, net	867,241.16	413,440.54	2,249.17	1,268,366.54
Capital Assets, net	868,241.16	413,440.54	2,249.17	1,269,366.54
Business-type Activities				
Capital Assets, not being depreciated				
Land	11,970.00	.00	.00	11,970.00
Capital Assets, being depreciated				
Buildings and improvements	149,446.12	1,099.58	.00	150,545.70
Less: accumulated depreciation	20,747.77	4,849.42	.00	25,597.19
Net Building and improvements	128,698.35	(3,749.84)	.00	124,948.51

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

	Beginning Balance	Additions	Deductions	Ending Balance
Equipment	\$ 54,752.82	\$ 1,970.00	\$.00	\$ 56,722.82
Less: accumulated depreciation	<u>28,957.85</u>	<u>6,040.62</u>	<u>.00</u>	<u>34,998.47</u>
Net Equipment	25,794.97	(4,070.62)	.00	21,724.35
 Vehicles	 23,808.50	 .00	 .00	 23,808.50
Less: accumulated depreciation	<u>5,515.59</u>	<u>2,822.31</u>	<u>.00</u>	<u>8,337.90</u>
Net Vehicles	18,292.91	(2,822.31)	.00	15,470.60
 Gas system	 1,629,985.55	 .00	 .00	 1,629,985.55
Less: accumulated depreciation	<u>710,553.47</u>	<u>39,750.02</u>	<u>.00</u>	<u>750,303.49</u>
Net Gas system	919,432.08	(39,750.02)	.00	879,682.06
 Water system	 235,741.06	 .00	 .00	 235,741.06
Less: accumulated depreciation	<u>188,094.91</u>	<u>2,699.03</u>	<u>.00</u>	<u>190,793.94</u>
Net Water system	47,646.15	(2,699.03)	.00	44,947.12
 Sewer system	 2,123,550.20	 .00	 .00	 2,123,550.20
Less: accumulated depreciation	<u>1,251,791.48</u>	<u>68,140.28</u>	<u>.00</u>	<u>1,319,931.76</u>
Net Sewer system	871,758.72	(68,140.28)	.00	803,618.44
 Total Capital Assets, being depreciated, net	<u>2,011,623.18</u>	<u>(121,232.10)</u>	<u>.00</u>	<u>1,890,391.08</u>
Capital Assets, net	<u>2,023,593.18</u>	<u>(121,232.10)</u>	<u>.00</u>	<u>1,902,361.08</u>

* Depreciation expense was charged to governmental functions as follows:

General government	\$ 36,594.09
Public safety	31,837.48
Public works	<u>11,245.09</u>
 Total Depreciation Expense	<u>79,676.66</u>

NOTE 5 – INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Amounts due from other governmental agencies are as follows:

<i>General Fund</i>	
Property taxes	\$ 12,685.58
Motor vehicle fees	1,204.00
Beer tax	<u>1,556.08</u>
 Total	<u>15,445.66</u>

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 6 – INTER-FUND TRANSACTIONS

Amounts receivable and payable between funds at December 31, 2004, are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 241,117.26	\$ 122,390.98
Special Revenue Funds	150,401.70	.00
Enterprise Fund	<u>.00</u>	<u>269,127.98</u>
Total	<u>391,518.96</u>	<u>391,518.96</u>

These amounts represent loans made between funds for cash flow purposes. There are no current plans to make repayments during the next year, although there are plans to consider strategies to extinguish these inter-fund debts. There were no transfers to and from funds during the year.

NOTE 7 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2004:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts (including withholdings)	\$ 7,482.09	\$ 67,244.77	\$ 74,726.86
Notes	60,601.06	154,172.26	214,773.32
Customer deposits	<u>.00</u>	<u>45,892.41</u>	<u>45,892.41</u>
Total	<u>68,083.15</u>	<u>267,309.44</u>	<u>335,392.59</u>

NOTE 8 – LONG-TERM OBLIGATIONS

Activity related to long-term liabilities for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities				
General obligation debt	<u>\$ 76,157.48</u>	<u>\$.00</u>	<u>\$ 15,556.42</u>	<u>\$ 60,601.06</u>

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

The Town executed a certificate of indebtedness on June 4, 1998, for \$148,500 for the purchase of the building in which it is currently housed. Monthly payments of \$1,575.07 are being made over a period of ten years at an interest rate of five percent. Maturities over the next five years are as follows:

		<u>Principal</u>	<u>Interest</u>
Amounts due in:	2005	\$ 16,241.04	\$ 2,659.80
	2006	17,071.95	1,828.89
	2007	17,945.41	955.43
	2008	<u>9,342.66</u>	<u>135.94</u>
Total		<u>60,601.06</u>	<u>5,580.06</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Sewerage note	\$ 199,160.09	\$.00	\$ 44,987.83	\$ 154,172.26

In its initial stages, a project was begun to upgrade and improve the Town's sanitary sewerage system in order to comply with EPA's National Pollution Discharge Elimination System. In May of 2000, the Town was authorized to borrow up to \$425,000 from the Clinton Bank & Trust Co. for a period of ten years at an interest rate of five percent. The first draw, in 2000, was for \$50,000. The Town drew \$300,000 in 2001, with a final draw in 2002 of \$10,372.09. Maturities over the next five years on this long-term obligation is as follows:

		<u>Principal</u>	<u>Interest</u>
Amounts due in:	2005	\$ 47,671.03	\$ 6,607.85
	2006	50,109.97	4,168.91
	2007	52,673.69	1,605.19
	2008	<u>3,717.57</u>	<u>13.98</u>
Total		<u>154,172.26</u>	<u>12,395.93</u>

NOTE 9 – PENSION PLAN

The Town pays social security and Medicare on its employees. No other system of retirement is currently in place for personnel outside of the police department. Police officers are covered under the Municipal Police Employees Retirement System of Louisiana.

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least twelve years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained in writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At January 1, 2003, the Town's portion was 9.0% of covered payroll. The rate increased to 15.25% on July 1, 2003, and currently it is at 21.5% of covered payroll. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Town's contributions to the System for the years ended December 31, 2004 and 2003, were \$22,496.40 and \$14,524.63, respectively, equal to the required contributions for those years.

NOTE 10 – LEVIED TAXES

Property tax notices are mailed during November for the current year. Taxes become delinquent after December 31st. The Town receives its property taxes through the East Feliciana Parish Police Jury who is responsible for collections.

Total assessed value of real property is \$8,387,730. The principal taxpayers for the town are:

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage</u>
Felician Bank & Trust Co.	\$1,459,120	17.40%
Wiltel Communications	733,220	8.74%
Clinton Bank & Trust Co.	686,900	8.19%
Bellsouth Telecommunications	370,680	4.42%
Pac Tec	242,660	2.89%
Entergy/Gulf States	87,550	1.04%
Billy Joe & Joan B. Buzbee	83,550	1.00%
AMG, LLC	79,740	.95%
C.M.A. Ltd. Partnership	63,910	.76%
CPA Ltd. Partnership	63,270	.75%

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 11 – SEGMENT INFORMATION-ENTERPRISE FUNDS

The Town maintains one enterprise fund which provides gas, water and sewer services. Segment information as of and for the two years ended December 31, 2004, is as follows:

Condensed Statement of Net Assets

	<u>2004</u>
Current assets	\$ 129,482.42
Restricted assets	45,892.41
Capital assets, net	<u>1,902,361.05</u>
 Total Assets	 2,077,735.88
 Inter-fund payables	 269,127.98
Other current liabilities	160,808.21
Non-current liabilities	<u>106,501.23</u>
 Total Liabilities	 <u>536,437.42</u>
 Invested in capital assets, net	 1,748,188.79
Restricted for customer deposits	45,892.41
Unrestricted	<u>(252,782.74)</u>
 Total Net Assets	 <u>1,541,298.46</u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 694,992.89	\$ 736,583.04
Operating expenses	(623,143.58)	(606,842.25)
Depreciation	<u>(124,301.68)</u>	<u>(122,211.67)</u>
 Operating Income (Loss)	 (52,452.37)	 7,529.12
 Non-operating revenues (expenses)		
Interest earned	.00	7,701.21
Other revenues	99.49	300.00
Interest paid	<u>(9,291.05)</u>	<u>(13,332.18)</u>
 Change in Net Assets	 (61,643.93)	 2,198.15
 Total net assets, beginning	 <u>1,602,942.39</u>	 <u>1,600,744.24</u>
 Total net assets, ending	 <u>1,541,298.46</u>	 <u>1,602,942.39</u>

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Condensed Statement of Cash Flows

	<u>2004</u>	<u>2003</u>
Net cash provided by (used for):		
Operating activities	\$ 104,343.13	\$ 136,175.30
Non-capital financing activities	(54,463.40)	(70,524.11)
Capital and related financing activities	<u>(57,248.97)</u>	<u>(161,784.32)</u>
Net decrease in cash and cash equivalents	(7,369.24)	(96,133.13)
 Cash and cash equivalents, beginning	 <u>55,178.11</u>	 <u>151,311.24</u>
 Cash and cash equivalents, ending	 <u>47,808.87</u>	 <u>55,178.11</u>

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

An adjustment to increase general fund balances by \$25,728.85 was made in 2003, as a result of a change in the allowance for bad debts at December 31, 2003. In December of 2002, there was a disbursement from grant funds that was erroneously omitted from the check register in the amount of \$11,460.54 from the Town's Streets and Sidewalks Fund. This decreased fund balances making a net impact to fund balance for governmental funds of \$14,268.31.

NOTE 13 – RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 14 – LITIGATION AND CLAIMS

There is no threatened or pending litigation that require reporting or disclosure based on criteria established by generally accepting accounting principles.

NOTE 15 – STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS

For purposes of the Statement of Cash Flows, for proprietary fund types, all highly liquid investments, including restricted assets, with maturity of three months or less when purchased are considered to be cash equivalents.

NOTE 16 – SUBSEQUENT EVENTS

Police Chief Eddie Stewart filed a lawsuit on May 12, 2005, against Mayor Donald Jefferson and the Town through its Board of Alderpersons claiming interference in police operations and attempting to illegally fire an employee. A hearing was set for May 17, 2005, during which a court order prohibiting the Mayor from interfering in police department operations was extended until June 29, 2005, when a hearing is set. At question is the authority of the Mayor and Board over the operations and supervision of the police department. There is no anticipated financial impact to the current financial statements based on this decision.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)**

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	General Fund			Streets and Sidewalks		
	Budgeted Amounts		Variance	Budgeted Amounts		Variance
	Original	Final		Original	Final	
<u>REVENUES</u>						
Fines/court costs	\$ 115,000	\$ 145,000	\$ 101,430	\$ -	\$ -	\$ -
Franchise fees	103,500	92,785	103,377	-	-	-
Grant and donations	-	-	523,954	-	-	-
Interest earned	500	1,290	1,393	5,100	5,100	791
Intergovernmental	19,800	20,184	19,067	2,026	2,026	-
Licenses and permits	92,200	120,684	124,463	-	-	-
Motor vehicle fees	20,500	18,220	16,924	-	-	-
Other revenues	4,550	1,120	11,124	-	-	-
Taxes-beer	6,500	5,948	6,224	-	-	-
Taxes-property	69,347	64,559	77,209	-	-	-
Taxes-sales	-	-	-	130,000	130,000	17,492
Total Revenues	431,897	469,790	985,165	137,126	137,126	18,283

EXPENDITURES

General government	101,815	99,470	129,420	(29,950)	-	-
Public safety:						
Police	305,710	355,795	416,538	(60,743)	-	-
Fire	2,140	2,076	2,036	40	-	-

Continued

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2004

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Unfavorable)</u>
Public works	\$ -	\$ -	\$ 3,737	\$ (3,737)	\$ 127,269	\$ 127,269	\$ 102,071	\$ 25,198
Capital outlay	500	-	483,051	(483,051)	9,000	9,000	-	9,000
Debt service:								
Principal	-	-	15,556	(15,556)	-	-	-	-
Interest	5,000	3,589	3,345	244	-	-	-	-
Total Expenditures	415,165	460,930	1,053,683	(592,753)	136,269	136,269	102,071	34,198
Change in Fund Balances	16,732	8,860	(68,518)	(77,378)	857	857	53,338	52,481
Fund Balances, beginning	259,262	259,262	259,262	-	524,819	524,819	524,819	-
Fund Balances, ending	275,994	268,122	190,744	(77,378)	525,676	525,676	578,157	52,481

See Auditors' Report

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2003

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
REVENUES								
Fines/court costs	\$ 105,000	\$ 105,000	\$ 129,312	\$ 24,312	\$ -	\$ -	\$ -	\$ -
Franchise fees	128,500	128,500	99,137	(29,363)	-	-	-	-
Grant and donations	-	25,000	439,030	414,030	-	-	-	-
Interest earned	6,600	6,600	1,042	(5,558)	4,400	4,400	3,462	(938)
Intergovernmental	22,492	22,492	23,115	623	2,025	2,025	2,026	1
Licenses and permits	88,500	88,500	94,982	6,482	-	-	-	-
Motor vehicle fees	22,000	22,000	18,708	(3,292)	-	-	-	-
Other revenues	17,575	17,575	2,046	(15,529)	-	-	3,552	3,552
Taxes-beer	6,200	6,200	7,081	881	-	-	-	-
Taxes-property	65,402	65,402	73,660	8,258	-	-	-	-
Taxes-sales	-	-	-	-	125,000	125,000	136,201	11,201
Total Revenues	462,269	487,269	888,113	400,844	131,425	131,425	145,241	13,816

EXPENDITURES

General government	164,760	194,093	149,694	44,399	-	-	-	-
Public safety:								
Police	288,383	260,350	411,243	(150,893)	-	-	-	-
Fire	3,800	3,800	2,139	1,661	-	-	-	-
Public works	-	-	9,093	(9,093)	143,725	143,725	138,166	5,559

Continued

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2003

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Capital outlay	\$ 53,000	\$ 78,000	\$ 425,199	\$ (347,199)	\$ 3,000	\$ 3,000	\$ 1,880	1,120
Debt service:								
Principal	-	-	14,542	(14,542)	-	-	-	-
Interest	5,500	5,500	4,359	1,141	-	-	-	-
Total Expenditures	515,443	541,743	1,016,269	(474,526)	146,725	146,725	140,046	6,679
Change in Fund Balances Before								
Other Financing Sources (Uses)	(53,174)	(54,474)	(128,156)	875,370	(15,300)	(15,300)	5,195	7,137
OTHER FINANCING SOURCES (USES)								
Transfers	25,000	25,000	-	(25,000)	-	-	-	-
Change in Fund Balances	(28,174)	(29,474)	(128,156)	850,370	(15,300)	(15,300)	5,195	7,137
Fund Balances, beginning	365,349	365,349	365,349	-	549,084	549,084	549,084	-
Prior period adjustments	-	-	25,729	25,729	-	-	(11,461)	(11,461)
Fund Balances, ending	337,175	335,875	262,922	876,099	533,784	533,784	542,818	(4,324)

See Auditors' Report

SUPPLEMENTAL INFORMATION

JOHN D. BUTLER & COMPANY
A PROFESSIONAL ACCOUNTING CORPORATION
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

April 18, 2005

The Honorable Donald Jefferson, Mayor
and Members of the Board of Alderpersons
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

We have audited the basic financial statements of the Town of Clinton, Louisiana, as of and for the two years ended December 31, 2004, and have issued our report thereon dated April 18, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Clinton, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

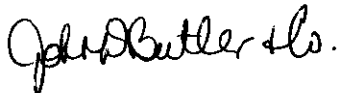
The Honorable Donald Jefferson, Mayor
and the Board of Alderpersons
April 18, 2005
Page Two

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Clinton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Alderpersons, management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,



John D. Butler & Company
A Professional Accounting Corporation

TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEARS ENDED DECEMBER 31, 2004 AND 2003

The schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	<u>2004</u>	<u>2003</u>
Mayor		
H. Toler Hatcher	\$ 5,100	\$ 5,100
Board Members		
Johnny Beauchamp	910	1,300
Michael Cheatham	1,560	1,560
George Kilbourne	1,560	1,560
Jack Kilcrease	1,560	1,560
James Owens	<u>1,560</u>	<u>1,430</u>
Total Paid	<u>12,250</u>	<u>12,510</u>

TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

<u>PERSONAL SERVICES</u>	<u>2004</u>	<u>2003</u>
Gas purchases	\$ 252,586.28	\$ 252,959.95
Sewer system expense	51,470.02	49,551.55
Water system expense	43,784.82	47,795.25
Gas system expense	13,345.03	9,922.59
Auto expense	10,167.08	11,309.92
Repairs and materials	3,955.37	4,323.60
Safety inspection fees	1,569.94	1,705.20
Pumpage fees	341.21	434.58
Total Personal Services	377,219.75	378,002.64
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Salaries	173,748.57	152,171.33
Health insurance	20,768.15	11,638.60
Payroll taxes	12,929.62	11,580.91
Training/seminars/travel	5,707.93	6,507.85
Uniforms	4,518.23	6,035.46
Drug testing	1,289.00	1,290.00
Total Employee and Related Expenses	218,961.50	189,224.15
<u>OCCUPANCY</u>		
Insurance	14,159.38	16,744.85
Telephone	2,606.60	2,870.08
Utilities	1,751.68	1,495.00
Total Occupancy	18,517.66	21,109.93
<u>ADMINISTRATIVE</u>		
Office expense	8,369.67	10,871.18
Dues and subscriptions	75.00	454.00
Sales tax	-	6,395.37
Other expenses	-	784.98
Total Administrative	8,444.67	18,505.53

Continued

TOWN OF CLINTON, LOUISIANA
COMPARATIVE SCHEDULES OF OPERATING EXPENSES (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>DEPRECIATION</u>		
Depreciation -gas	\$ 39,750.02	\$ 39,750.02
Depreciation - water	2,699.03	2,699.03
Depreciation - sewer	68,140.28	68,140.28
Depreciation - other	13,712.35	11,622.34
	<hr/>	<hr/>
Total Depreciation	124,301.68	122,211.67
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	747,445.26	729,053.92
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TOWN OF CLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2004

We have audited the financial statements of the Town of Clinton, Louisiana as of and for the two years ended December 31, 2004, and have issued our report thereon dated April 18, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of and for the two years ended December 31, 2004, resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

A. Report on Compliance and Internal Control Material to the Financial Statements

Compliance	Compliance Material to F/S	■	No
Internal Control	Material Weakness	■	No
	Reportable Condition	■	No

B. Federal Awards

N/A

C. Identification of Major Programs

N/A

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

N/A

**TOWN OF CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2004**

Section I Compliance and Internal Control Material to the Financial Statements

02-01 Borrowing Town Funds <i>Recommendation:</i> To make deposits daily and intact; To limit access to cash and put into place a policy prohibiting borrowing Town funds and cashing checks for cash on hand	<i>Resolved</i>
02-02 Lack of Internal Control System <i>Recommendation:</i> To create a Policies and Procedures Manual sufficient to establish strong internal controls	<i>Partially Resolved</i> While there were several policies adopted, not all areas of concern were impacted.
00-01 Basis of Accounting <i>Recommendation:</i> To maintain the Town's books on the modified or accrual basis of accounting; To perform a monthly reconciliation of receivables, cash collections, tickets written/processed, etc.	<i>Partially Resolved</i> Additional follow-up on tickets issued to tickets processed is needed as well as a consistent process for reconciling receivables

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

M00.1 Deposits Made Daily and Intact 12/96	To maintain cash in locked safe with limited access; To make deposits daily and intact; To adopt a policy prohibiting the use of Town funds for cashing checks and acceptance of third party checks	<i>Resolved</i>
M00.3 Fines from Tickets Issued 12/98	To create procedures necessary to effectively track tickets from the point of issuance to disposition; To perform a monthly reconciliation of tickets written	<i>Partially Resolved</i> See 00-01 under Section II above
M00.4 Budget Authority	To include anticipated capital outlay and principal debt repayment in the annual budget; To review the budget on a periodic basis to determine compliance	<i>Partially Resolved</i> Compliance with the budget is closely monitored but budgeting for principal payments is still needed

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2004**

Section I Compliance and Internal Control Material to the Financial Statements

02-02 Lack of Internal Control System	The Audit Committee will work closely with Town staff to create a comprehensive manual covering all areas of concern no later than December 31, 2005.
00-01 Basis of Accounting	Policies and procedures related to monthly reconciliations will be included in the Policies and Procedures Manual mentioned above.

Section II Compliance and Internal Control Materials to Federal Awards

N/A

Section III Management Letter

M00.3 Fines from Tickets Issued	Stronger controls will be included in the Policies and Procedures Manual mentioned above.
M00.4 Budget Authority	This was an oversight that will be corrected immediately for 2005.

JOHN D. BUTLER & COMPANY
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P. O. BOX 30
BAKER, LOUISIANA 70704-0030
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MANAGEMENT LETTER

April 18, 2005

The Honorable Donald Jefferson, Mayor
And Members of the Board of Alderpersons
Town of Clinton, Louisiana
P. O. Box 513
Clinton, Louisiana 70722

We have audited the basic financial statements of the Town of Clinton, Louisiana as of and for the two years ended December 31, 2004, and have issued our report thereon dated April 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the basic financial statements, dated April 18, 2005, and our report on internal control and compliance with laws, regulations and contracts, dated April 18, 2005.

During the course of our audit, we noted the following conditions that are or may become potential problems in the areas of internal control over financial reporting or compliance with laws and regulations applicable to the Town.

MANAGEMENT POINTS

M04-01 *Strong Internal Control System*

The Town has implemented several procedures designed to strengthen its internal control system. There are still some areas that need to be addressed and others for which two years of implementation have provided support for changes.

It is the responsibility of management to implement a strong internal control system in order to safeguard the assets of the Town and to ensure compliance with applicable laws and regulations.

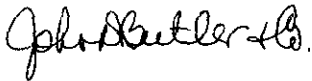
We recommend that a Policies and Procedures Manual be created and adopted that provides

Mayor Donald Jefferson, Mayor
and Members of the Board of Alderpersons
April 18, 2005
Page Two

guidelines that when followed will provide an effective means of safeguarding assets and ensuring compliance with state and local laws. We further recommend that this manual include an accurate organizational chart of all approved personnel positions. It would be most helpful for budget compliance to adopt a pay plan that provides a pay scale for each position.

We offer these recommendations as a means of strengthening the internal control structure of the Town and urge management to address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further discuss implementation.

Sincerely,

A handwritten signature in cursive script, appearing to read "John D. Butler & Co.", written in dark ink.

John D. Butler & Company
A Professional Accounting Corporation